GOVERNMENT OF INDIA
ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:3278
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IT and ITES Industry
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Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

Will the Minister of Electronics & Information Technology be pleased to state: -

(a) the total contribution of IT and ITES industry in country's GDP and jobs created in the last three years;
(b) whether the Government is keen in utilising the services of various electronic arms of Department of Electronics for multi task activities of Government than to outsourcing very important and essential activities to private players;
(c) if so, the details thereof and the decision taken by the Government in this regard; and
(d) the steps taken and new scheme of plans devised and implemented by the Government to make electronic industries and IT sector at par with foreign electronic and IT companies?

Answer

(a): According to National Association of Software and Services Companies (NASSCOM) IT-ITES industry's contribution relative to India's GDP is about 7.7% for FY 2016-17. The industry is estimated to employ nearly 3.9 million people directly and 10 million people indirectly. The number of jobs created by the industry in the last three years are as under:

Financial Year Total employees ('000) Net addition ('000) Growth in Total employees
2014-15 3,485 217 7%
2015-16 3,688 203 6%
2016-17 3863 175 5%
Source: NASSCOM strategic Review 2017

(b) and (c): Ministry of Electronics and IT (MeitY) implements various Programmes/Schemes through its various autonomous societies/ attached offices / statutory organizations / Section 25 companies, and sometimes in partnership with private entities, based on need and nature of the projects. MeitY plays the regulatory and monitoring role in case the project is being implemented through private entities.

(d): The steps taken and new scheme being implemented by the Government to further promote electronic industries and IT sector is given at Annexure.
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ANNEXURE
Steps taken by the Government to promote electronics manufacturing in the country

1. The National Policy on Electronics (NPE 2012) was notified in October 2012 with the vision to create a globally competitive electronics design and manufacturing industry to meet the country''s needs and serve the international market.
2. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the Electronics Systems Design and Manufacturing (ESDM) sector. The scheme was notified in July 2012. The scheme provides subsidy for investments in capital expenditure - 20% for investments in SEZs and 25% in non-SEZs. The scheme is available for both new projects and expansion projects. For high technology and high capital investment units like Fabs, production subsidy @10% is also provided.
3. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs.50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs.50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.
4 . Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
5 . Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
6 . For promotion of exports in the sector, Merchandise Exports from India Scheme (MEIS) and Export Promotion Capital Goods (EPCG) Scheme are available under the Foreign Trade Policy, 2015-20. MEIS offers export incentives so as to offset disabilities of manufacturing. The export incentive for electronic goods is available @ 2-3% of FOB value of export. Zero duty EPCG scheme allows

import of capital goods at zero customs duty, subject to specified export obligation.
7. Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required by them for carrying on export activities, CST reimbursement and Central Excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
8. Tariff Structure has been rationalized to promote indigenous manufacturing of electronic goods, including inter-alia Televisions, Electronic Components, Set Top Boxes, LED Products, Medical Electronics, Solar PV Cells and Microwave Ovens.
9. To promote indigenous manufacturing of Televisions, Baggage Rules have been amended to ban duty free import of Flat Panel Television Sets w.e.f. August 2014 under the baggage allowance.
1. Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 30 electronic products are under the ambit of this Order.
Promotion of Innovation and R&D
2. Electronic Development Fund (EDF) policy has been operationalized to support Daughter Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The fund is housed in Canbank Venture Capital Fund Ltd. The supported Daughter Funds will promote innovation, R&D, product development and within the country.
3. Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Conditional Access System, entitled iCAS has been developed to promote indigenous manufacturing of Set Top Boxes (STBs). The iCAS is available to domestic STB manufacturers at a price of USD 0.5 per license for a period of three years as against market price of USD 4-5 per license for other competing products. The implementation of iCAS in the cable networks has already started.
4. An Electropreneur park has been set up in New Delhi for providing incubation for development of ESDM sector which will contribute to IP creation and Product Development in the sector.
5. National Centre of Excellence in Large Area Flexible Electronics (NCFLEX) has been set up in IIT-Kanpur with the objective to promote R&D, manufacturing, ecosystems, entrepreneurship, international partnerships and human resources and develop prototypes in collaboration with industry for commercialization.
6. National Centre of Excellence for Technology on Internal Security (NCETIS) has been set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.
7. Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru jointly with NASSCOM.
8. An Incubation center with focus on medical electronics has been set up at Indian Institute of Technology, Patna.
9. An Incubation Center at Kochi with focus on consumer electronics is being set up at IIITM.
10. The Ministry of Electronics and Information Technology (MeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Electronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.
20. MeitY has approved a project to be implemented by Global Innovation and Technology Alliance (GITA) to promote innovation, IP, R&D and commercialization of products, etc. in the ESDM sector by providing funding support to an Industry, for doing collaborative research with an Academic Institute in the priority areas with a timeline of not more than two years.
21. MeitY has approved a project being implemented by Biotechnology Industry Research Assistance Council (BIRAC) to promote scientific and technological research in Medical Electronics sector in India to address the pressing challenges associated with the development of innovative medical electronics and making it available, accessible and affordable to the people at the bottom of the pyramid.
22. An Incubation Center at Hyderabad with focus on fabless chip design is being set up at IIT- Hyderabad.
23. The stakeholders of the Electronics System Design & Manufacturing (ESDM) sector through various levels of below the level (BTL) events such as conferences, seminars and workshop have been engaged to disseminate the government initiatives and to make the country self sufficient in electronic manufacturing.
Digital India Programme: While there is a continuous growth in exports, there are sustained efforts by the Government to further increase exports as well as promote domestic IT-ITES industry. Government has been implementing the Digital India Programme with a view to create a knowledge economy and empower citizens. STP scheme, BPO Promotion schemes, CSC 2.0, Make in India & Skill India Programme have helped in generating demand and jobs at the grassroot level. MeitY has also implemented the NDLM (National Digital Literacy Mission) & DISHA (Digital Saksharta Abhiyan) schemes. The major thrust on less-cash digital economy has led to the emergence of new sectors such as fintech, cyber-security, IOT, big data, data analytics etc.

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